

Project Reporting on the 2003 Transportation Funding Package

Introduction

WSDOT prepares information for legislators, state and local officials, interested citizens and the press on the progress of the program funded by the 2003 Transportation Funding Package. Much of the detailed information is maintained on-line on the WSDOT website. The *Gray Notebook*, in these special Beige Pages, highlights each quarter's progress and reports on financial and other program management topics as well as detailed information on key projects.

The Beige Pages for this quarter are organized in the following manner:

- **Project Reporting**
- **Current Project Highlights and Accomplishments**
- **Project Delivery**
- **Financial Information**
- **Program Management Information**

We welcome suggestions and questions that can help us strengthen this project delivery and accountability reporting.

Overall, Project reporting uses several different tools, including the *Gray Notebook*, web-based Project Pages and Quarterly Project Reports (QPR). There is a Project Page on the website for each major WSDOT project, and QPRs for Nickel funded projects in the 2003 Transportation Funding Package.

Navigation to the Home Page and the Project Pages

The Home Page (shown below) has several links that allow access to the individual Project Pages the Accountability navigation bar provides access to "hot links" found in the on-line version of the *Gray Notebook*, the Projects navigation bar and direct links to several of the largest projects under the Projects Navigation page. Project pages can also be accessed from any WSDOT web page by clicking on the "projects" tab at the top of every page.

WSDOT's home page can be found at: www.wsdot.wa.gov/.



Accountability

Projects

Project Pages

Project Reporting on the 2003 Transportation Funding Package

Project Reporting

Project Information Roadmap



Gray Notebook



Home Page

Project Page

Project Pages report on all WSDOT 2003 Transportation Fund projects. Project Pages provide detailed information updated regularly:

- Overall Project Vision
- Financial Table, Funding Components
- Roll-up Milestones
- Roll-up Cash Flow, Contact Information
- Maps and Links QPR
- Quarterly Project Reports

Quarterly Project Reports summarize quarterly activities:

- Highlights
- Milestones
- Status Description
- Problem Statement
- Risk Challenges
- Project Costs/Cash Flow
- Contact Information



Project Pages

Project Pages contain information on all aspects of a specific project. An existing Project Page is shown below.

Project Pages provide details on overall project vision, funding components, financial tables, milestones, status description, problem discussions, risk challenges, forecasting, maps, photos, links and more.

Currently, approximately 195 Project Pages, of which 111 are Nickel Projects, provide on-line updates.

Quarterly Project Reports (QPR) are accessible through a link on the Project Page.

Project pages provide a summary of the project status to date and are updated regularly to the best of WSDOT's ability.

Project pages can be found at:

www.wsdot.wa.gov/projects/



Current Project Highlights and Accomplishments

Summary of Project Advertisements, Awards and Completions

This is WSDOT's fourth report of quarterly developments in the delivery of the 2003 Transportation Funding Package. This report also reflects the mid-point of the 2003-2005 biennium and the project delivery adjustments adopted by the legislature and passed in the 2004 Supplemental Transportation Budget.

The following project information is gathered from a variety of sources within WSDOT and is principally the responsibility of the various regional administrators and their project teams.

As a regular part of its project management and accountability strategy for the legislature's 2003 Transportation Funding Package, senior WSDOT managers from headquarters in Olympia meet in each region each quarter to perform due diligence on progress and status for each project and to offer assistance, support, and coordination of issues or problems arising with any project. This process also facilitates the ability of headquarters staff to discuss project status with legislative members and staff and report first-hand to the Secretary and the Transportation Commission.

Biennium To Date Projects Advertised

As of June 30, 2004, 18 highway projects in the 2003 Transportation Funding Package had been advertised.

Advertised Projects

- 1) I-5, 2nd Street Bridge – Replace Bridge
- 2) I-5, Salmon Creek to I-205
- 3) SR 9/SR 528 Intersection – Signal
- 4) SR 16, HOV – Union Ave to Jackson Avenue
- 5) I-90, Argonne to Sullivan Road
(includes: I-90, Argonne to Pine Road)
- 6) I-90, Eastbound Ramps to SR 18 – Signal
- 7) I-90, Cle Elum River Bridge
- 8) I-90, Highline Canal to Elk Heights – Truck Climbing Lanes
- 9) I-90, Ryegrass Summit to Vantage – Truck Climbing Lanes
- 10) 97A, Entiat Park Entrance – Turn Lanes*
- 11) SR 124, East Jct. SR 12 – Reconstruction*
- 12) SR 161, 234th Street to 204th Street E
- 13) I-182/US 395 I/C – Roadside Safety*
- 14) SR 203, NE 124th/Novelty Rd. Vic
- 15) U.S. 395, Kennewick Variable Message Sign
- 16) SR 395, NSC-Francis Avenue to Farwell Road
- 17) SR 500, NE 112th Ave. – Interchange
- 18) SR 527, 132nd St. SE to 112th St. SE

Awarded Projects

The total of the award amounts for the eighteen projects is \$126 million. The total of the pre-bid engineer's estimate for the construction contracts for the eighteen projects was \$131 million. (SR 16 has been advertised, but the award has been delayed due to environmental permitting issues. The engineer's estimate is not included in the \$131 million).

*Projects Completed

Three projects have been completed to date:

- 1) U.S. 97A, Entiat Park Entrance – Turn Lanes – See description in this issue of the *Gray Notebook*.
- 2) SR 124, East Jct SR 12 – Reconstruction – See description in this issue of the *Gray Notebook*.
- 3) I-182/U.S. 395 Interchange – Roadside Safety– See description listed in *Gray Notebook* 11.

Delayed / Deferred Projects

Six projects scheduled to be advertised prior to June 30 have not been advertised. The circumstances of these six projects are as follows (more detail is provided later in the report):

I-5, Roanoke Vicinity Noise Wall – This project was split into two stages to allow work to continue while elements are re-designed with the second stage to be completed during the 2005 construction season.

SR 7/SR 507 to SR 512 – Safety – Because WSDOT was requested to delay the project by local and state elected officials to allow time to pursue additional funding for landscaping and other desirable adjuncts to the project requested by the local community, the ad date is now March 2005.

SR 9, Nooksack Rd. Vic. to Cherry Street – Because of right of way issues as described in *Gray Notebook* 11 the project has been deferred to the 05-07 biennium.

SR 161, 204th to 176th Street – Because this project is the second stage of a project that was split into two stages to better accommodate construction work and lessen impacts to the public in this corridor, the advertisement date has been delayed to November 2004.

SR 167, 15th St. SW to 15th St. NW – HOV – Because funding uncertainties had caused the design of this project to sit "on the shelf" for many years, additional time has been needed for re-design of stormwater treatment, wetland mitigation and floodplain investigations to meet new environmental requirements. This project now has a planned advertisement date of October 2005.

SR 522/I-5 to I-405 – Because of the benefits of coordinating work with the City of Lake Forest Park, the project has been deferred to the 05-07 biennium.

Current Project Highlights and Accomplishments

Contract Advertising and Awards

2003 Transportation Funding Package ("Nickel Funds")

Three projects were planned to be advertised in this quarter. Only one, I-5, 2nd Street Bridge was advertised as scheduled. The SR 167, 15th St. SW to 15th St NW project was deferred to the 05-07 biennium to accommodate design changes necessitated by environmental requirements and SR 9, Nooksack Road to Cherry St. has been deferred to the 05-07 biennium to allow time necessary to acquire right of way parcels.

Projects Advertised:

I-5, 2nd Street Bridge - Replace Bridge

This project removes and replaces the 2nd Street Bridge over I-5 in Mt Vernon. The existing bridge has the lowest clearance over I-5 between Canada and Mexico. Taller trucks must detour around the bridge, slowing freight and congesting city streets. The project was advertised for bids as scheduled in April 2004 and awarded on June 1, 2004 for \$11.9 million. The engineer's estimate was \$11.7 million. Construction is expected to start in July 2004 with the new bridge opened to traffic by September 2005.

Projects Awarded Based on Previous Advertisements:

I-90, Sullivan-State Line - Median Barrier

This Nickel funded project along with a pre-existing funded ramp paving project located in the same section of I-90 were combined into a single contract. These projects were combined to gain efficiencies. This contract was advertised in April 2004, five months ahead of schedule, and awarded on June 3, 2004. The total bid for this work was \$1.4 million, 8% under the engineer's estimate. The I-90, Sullivan-State Line Median Barrier project and the ramp paving project are located just east of Spokane. They involve the installation of high tension cable barrier.

I-90, Cle Elum River Bridge

This project will increase the vertical clearance of the westbound Cle Elum River Bridge on I-90 near Cle Elum. The project was awarded on April 26, 2004 for \$507,326 which is 29% below the engineer's estimate. Due to steel availability issues, construction activities are being slightly delayed, but the steel delivery is expected in late July and the project remains planned for completion by November 2004.

Highway Construction Program

Several of the highway projects funded by the Nickel Account are now under construction. More details can be found in the respective on-line Project Pages at www.wsdot.wa.gov/projects.

I-5, Widen Each Direction From Salmon Creek to I-205

This project remains on schedule. The contractor has constructed the abutments, center column, girders, and bridge deck for the NE 129th St bridge crossing. Grading operations necessary to shift traffic onto the detour bridge are underway. Existing soil

Construction Highlights

conditions in some widening areas were unsuitable for roadway construction and have been excavated and replaced with suitable material. The legislature approved \$1.7 million for two noise walls along I-5 in the Salmon Creek neighborhood by proviso in the 2004 Transportation Supplemental Budget. WSDOT plans to construct one wall using the existing contract. The second wall will be performed under a separate contract at a later date.

SR 9/SR 528 Intersection - Signal

Work from winter shutdown resumed in early June 2004. Earthwork, surfacing, paving for the turn lanes, and pavement markings are now complete. The traffic signal was field tested on June 24, 2004 and is now operational. The project continues to remain within budget and is expected to be completed on time by November 2004.

I-90, Build Lanes from Argonne to Sullivan Road

This project constructs one additional lane in each direction on I-90 east of Spokane. Work on the eastbound lanes is continuing, including drainage, noise walls, signing and illumination. Placement of Portland Cement Concrete Pavement (PCCP) started in June 2004 near the Pines Road interchange. The eastbound lanes and ramps are on schedule to be completed in November 2004.

I-90, Highline Canal to Elk Heights -Truck Passing Lanes

This project constructs a truck climbing/passing lane on eastbound I-90, east of the Indian John Rest Area. During excavation for the new lane, a large amount of saturated clay was found that is unsuitable for roadway foundation material. The discovery and removal of the clay increased the cost of the construction phase by 4%. The project remains on schedule, even after replacing the saturated clay with suitable roadway foundation material.

I-90, Ryegrass Summit to Vantage - Truck Passing Lanes

Work resumed in the spring of 2004 after a winter shutdown. The first stage near the rest area is complete and open to traffic. All I-90 traffic now detours 5.5 miles on the eastbound lanes around the second stage of construction. The eastbound detour was reconfigured to provide one lane eastbound and two lanes westbound, separated by temporary concrete barrier. The second stage is nearly complete for opening to traffic in July. The project remains on scheduled for completion in the fall of 2004.

SR 161, 234th Street to 204th Street East

This project is the first of two phases. It was awarded in late-December 2003 and is expected to be complete by December 2005. This project will widen the highway from one lane to two lanes in each direction and roadside safety features will be enhanced throughout the corridor.

Current Project Highlights and Accomplishments

Construction Highlights

SR 203, NE 124th/Novelty Road Vicinity

This project constructs a roundabout on SR 203 at the intersection with NE 124th. Construction began in early May, 2004. Current construction activities include widening the embankment and excavating the wetland mitigation site on NE 124th. For about a week this summer NE 124th Street will be closed while the contractor raises the county road to meet the roundabout grade. The project is about 25% complete and is on schedule to be open to traffic in October 2004. This project was advertised in December 2003 after reaching an agreement with King County to collaborate on the development of a floodplain mitigation site. The original plan was to purchase and develop a separate mitigation site, but it now appears a new site will not be required. The final details regarding the resolution of this issue will be reported next quarter.

SR 500, NE 112th Ave. - Interchange

The project remains on schedule and within budget. The overall project is approximately 63% complete. Retaining walls and embankments for the two bridges are nearly complete. All bridge girders and the eastbound "fly-over" bridge deck is in place. Noise wall foundations are complete and erection of the panels began in June 2004. Traffic is expected to be switched to the new bridges and ramps by September 2004.

SR 527, 132nd St. SE to 112th St. SE

During June 2004, the contractor began water main relocation and widening at the south end of the project to accommodate the traffic shift for construction on the west side of SR 527. WSDOT stopped work on the contract on June 3rd to ensure that work in progress was in compliance with existing permits. Work was resumed on June 11th on project elements that were covered under the existing permits. The City of Everett completed the design and obtained the permits necessary for this project. WSDOT's role in the delivery of the project has been to fund and administer the construction. WSDOT continues to work with the City of Everett and the Army Corps of Engineers to ensure that the project remains in full compliance with environmental permits.

Other Capital Programs

Tacoma R.M.D. RR Morton Line Repairs-Phase 2

This project will construct the second phase of the Tacoma Rail Mountain Division's Morton line upgrades to fully restore rail service. Emergency repairs began in late 2003 on the line to maintain the current limited service. Construction was suspended during the winter while a new agreement between WSDOT and the City of Tacoma (owner of the line) was negotiated. Those negotiations were completed in April and construction was restarted in June. Construction will be completed by June 2005.

Other Project Highlights and Milestones

SR 24/I-82 to Keys Road

This project will construct one additional lane in each direction on SR 24 from I-82 to Riverside Road, providing two new bridges (including a crossing of the Yakima River) and other improvements. At the time of the last quarterly report and even as of the closing date of the quarter under review, the ability to meet the scheduled advertisement date appeared to be threatened by a disagreement between the City of Yakima and WSDOT over project environmental requirements growing out of possible impacts on the levee system protecting the City's wastewater treatment plant and other issues. Those issues have now been resolved by an agreement between the City and WSDOT that should support design and permitting efforts expected to put the project back on track for its original advertisement date early in 2005.

U.S. 97A, Entiat Park Entrance - Turn Lanes

This project was substantially complete and open for use by the public ahead of schedule on May 14, 2004, with minor seeding and fertilizing to be done this fall. The final cost is expected to be \$116,000. Due to efficiencies gained by combining this project with the Wenatchee North Paving project, this project will be delivered under budget by approximately \$80,000.

SR 124, East Junction SR 12 - Reconstruction

Construction of this project was completed on April 8, 2004, which was four days ahead of schedule. The project was designed and constructed within the \$320,000 identified in the 2003 Transportation Funding Package.

Project Delivery

Proposed and Potential Adjustments to Delivery Planning*

Meeting schedule, budget and scope expectations are important elements in WSDOT's delivery of the projects in the 2003 Transportation Funding Package. In the 2004 Supplemental Budget, the legislature provided management flexibility to the Transportation Commission allowing projects emergent needs to be addressed by the Commission within legislative guidelines.

The information in this report describes changes WSDOT favors based on project delivery assessments made in the quarter under review ending June 30, 2003.

Highway Construction Program: Difficult Challenges Faced by a Major Project

SR 16, HOV Improvements – Union Avenue to Jackson Avenue

This project to complete the HOV system on a critical section of SR 16 between I-5 and the Tacoma Narrows Bridge is one of the most important and most time-sensitive (because of the need to link its completion with the completion of the Tacoma Narrows Bridge Project) of the early Nickel account projects. The project was advertised in March 2004 (and so reported in the last *Gray Notebook*) with a scheduled bid opening in May. Bids were not opened, however, because of administrative procedures - one at the Department of Ecology, one at the City of Tacoma - taken by private citizens to challenge two of the project's key environmental permits. One challenge is rooted in landowners' opposition to WSDOT acquiring a portion of their property necessary to support a nearby wetlands enhancement and preservation project agreed upon between WSDOT, city, state, and federal regulatory officials as compensatory mitigation for project impacts on the right of way. The landowner has declined WSDOT's offer to purchase the property and refuses to negotiate further. The second challenge contests the extent of the Department of Ecology's authority to regulate wetlands.

The appeal within the City of Tacoma of the permit issued by the City under its Critical Areas Permit is especially problematic: the appeal procedures cause the permit to be stayed for the period the appeal is pending. This situation has prevented the project from taking the expected step of opening bids, awarding the contract and commencing work. Because the appeal process is out of WSDOT's control, WSDOT is not able to predict the eventual schedule impact on the project. But the delay in bid opening places this season's expected construction progress in serious doubt and that suggests trouble for the overall project completion schedule.

WSDOT's current activities on this project include: (1) seeking the expeditious resolution of the administrative process in the hopes of clearing away as soon as possible these obstacles to contract award and contract commencement; (2) planning for construction phasing changes to shorten the contract duration; (3) exploring whether a different wetlands mitigation plan could be developed with the city, state, and regulatory agencies to moot the grip that the appeals have placed on project progress; and 4) considering a special repackaging of the project into multiple contract phases in the attempt to start work as soon as possible on job elements

not subject to the contested permits. Each course could involve schedule and cost impacts and complicate the serious future construction period challenges this project faces in any case in managing construction traffic impacts and flow connectivity within the entire corridor. The best course available to WSDOT in these circumstances is not yet clear. More information will be presented in the next *Gray Notebook* or made available as soon as possible on the project web page. In any event, the delivery challenges now facing this project are probably the most problematic in the experience to date on Nickel account projects.

Other Projects with Adjustments to Delivery Planning

I-5, 2nd Street Bridge - Replace Bridge

Nickel funds for the project can be reduced by \$3 million to offset receipt of \$3 million of federal funds. This project was awarded May 2004 (see Contract Advertising and Awards on page 4).

I-5 / I-205, NE 134th Street Interchange

In Quarter 3, the Commission approved an advance of \$800,000 for an advanced right of way purchase. Additional needed parcels have become available. WSDOT is now requesting the advance of another \$850,000, for a total advance this biennium of \$1.65 million. The advance of funds will not increase the total project cost and should support agreed upon property acquisitions that will lessen the possibilities of delay or increased costs.

SR 7 / SR 507 to SR 512 - Safety

This project was reported as a Watch List item in the March 2004 *Gray Notebook*. A delay was requested by local and state elected officials to allow time to pursue funding for landscaping and other desirable adjuncts to the project requested by the local community. This delay has resulted in the loss of a construction season. Also two property owners have filed suit in Pierce County Superior Court over access permits. The appeal is not expected by WSDOT to affect project cost or schedule. For planning purposes, WSDOT is projecting a new advertisement date of January 2005. WSDOT is requesting that most of the expenditures planned for the 03-05 biennium be moved to the 05-07 biennium to reflect this delay.

SR 9 / SR 522 to 212th Street SE (Stages 1b & 2)

This project was reported as a Watch List item in the March 2003 *Gray Notebook*. Growth in traffic volumes within the projects limits to over 25,000 vehicles per day has required design changes resulting in increases in design costs and projected construction costs. These changes include a new raised center median barrier and new right and left turn lanes at intersections on SR 9. The increased costs for design and construction are expected, however, to be offset by savings in right of way acquisition costs. There is no change in total project cost the project remains on-schedule.

SR 31, Metaline Falls to International Border

A \$1.6 million Federal earmark was received to address deficiencies in the Sullivan Creek Bridge. This bridge is on SR 31 and is located within the limits of this project. The state match for these funds can be achieved by Nickel fund spending for this project. The overall Nickel funding for this project cost will not increase and construction for the Sullivan Creek Project, funded by the federal earmark, will be performed in a Stage 2 construction project.

Project Delivery

Proposed and Potential Adjustments to Delivery Planning*

SR 167, 15th Street SW to 15th Street NW - HOV

WSDOT reported previously in the Watch List that this project would be delayed from May 2004 to February 2005. Additional time is now required for stormwater treatment, wetland mitigation redesign, and floodplain investigations. WSDOT proposes to delay the project advertisement by eight additional months to October 2005. As a result, 03-05 and 05-07 biennial construction spending will decrease by \$1.4 million and \$9.5 million respectively, and 07-09 biennial spending will increase by \$10.9 million.

U.S. 395, NSC-Francis Avenue to Farwell Road

WSDOT is requesting a total advance of \$12 million on this project. \$6 million of the amount will be to cover right of way expenditures during the current biennium that resulted from the settlement of a litigated taking of commercial property for right of way at a level much higher than WSDOT's estimate of fair market value. \$3 million of this total is needed to cover anticipated right of way acquisition costs for other parcels in the corridor. The remaining \$3 million is requested to accelerate an upcoming construction phase (Gerlach to Wandermer – Grading) by accelerating the advertisement date from November 2004 to September 2004. It is anticipated that advancing the contract start date will decrease the dust control expenditures that will be needed for this project. This project remains on budget. However, the known and potential cost increases associated with the right of way acquisition may result in a future cost increase request.

SR 520, Bridge Replacement and HOV

WSDOT is requesting the Commission to advance design expenditures into 03-05 by \$1 million to better align with the current schedule and overall delivery of this project. Design activities that will be accomplished with this advance include geotechnical exploration, advanced engineering and construction planning/sequencing. An Advanced Construction Technology Transfer (ACTT) workshop was conducted for this project. Recommendations from this workshop support the activities that will be accomplished with this funding.

WSDOT is also requesting to delay EIS expenditures of \$800,000 to better align with the current schedule and overall delivery of this project. This funding transfer aligns with the schedule for the environmental approval in the summer of 2006.

If approved, these two actions on the SR 520 project will result in a net increase of \$200,000 in the current biennium and a net decrease of the same amount in 05-07. There will, however, be no change to the overall planned cost for the Nickel fund elements of the project.

Pre-Existing Project Funding Supporting Nickel Projects

In developing WSDOT's 05-07 budget proposal, projected available funds for the Improvement Program from pre-existing funds fell short of what is needed. As part of a strategy to resolve the shortfall, the department identified five projects that draw funding from both Pre-Existing funds and Nickel funds. WSDOT proposes to spend the Nickel funds first, delaying the need for spending of Pre-Existing funds until the 2007-09 biennium. The proposed change in timing of expenditures in Pre-Existing and Nickel funds will have no impact to the overall budget or schedule of the projects

being delivered. The total expenditures of Nickel funds proposed to be advanced are approximately \$4 million. The projects identified for this proposed accounting expenditures treatment include the following:

- I-5, Grand Mound to Maytown - Widening
- U.S. 12, Old Naches Highway Interchange
- SR 18, Maple Valley to Issaquah-Hobart Road
- SR 160/SR 16 to Longlake Road Vicinity
- SR 167/SR 509 to I-5, New Freeway.

Other Capital Programs with Adjustments to Delivery Planning

System-wide Catch-up Preservation (Ferries).

WSF will be implementing projects in response to the preservation performance standards established by the Legislature's Joint Task Force on Ferries. This project addresses the backlog of deferred Ferry System preservation work. WSF has identified two projects that require immediate attention using the Catch-up preservation funds, Lopez Dolphin Replacement Project and Tahlequah Dolphin Replacement Project. Design work for both projects started in February 2004. The revised expenditure plan reflects acceleration of work into the 03-05 Biennium and the addition of funds advanced from the 13-15 Biennium.

Anacortes Multi-modal Terminal

This project will modernize the existing ferry terminal, which serves four different San Juan Island destinations as well as WSF's international route to Sidney, B.C. In 1997, WSF completed a master plan for a new Anacortes Multi-modal Terminal. Currently, WSDOT is directing its efforts towards evaluating the 1997 Master Plan in the context of WSF's current business goals and operational needs. Project elements over the next ten years include replacing and expanding the terminal building, relocating the tie-up slips to deeper water with one of the tie-up slips capable of loading and unloading service vehicles and project upland to improve site circulation.

Estimated project costs for elements funded with Nickel account funds have been reduced \$2.6 million due to minor changes in the timing of project elements and lower than anticipated inflation. WSF is proposing to move \$2.6 million to another WSF Nickel account project (Catch-up Preservation).

**These adjustments, in accordance with the criteria established in Section 503 ((transfers/flexibility) of the 2004 Supplemental Transportation Budget, were adopted by the Transportation Commission on August 18, 2004.*

Project Delivery

Opportunities and Options for Legislative Consideration

The following proposals are reported as requiring legislative guidance and offered for legislative consideration of the Transportation Commission's 05-07 Budget proposal.

Highway Construction Program:

U.S. 2, Dryden - Signal

In order to gain efficiencies in project delivery and reduce the construction related impacts on users, WSDOT is proposing to combine this project with a pre-existing funded paving project on U.S. 2. If approved, this project and associated Nickel funding of \$260,000 will be advanced one construction season and begin in the summer of 2007.

I-5, Bakerview Rd to Nooksack River Bridge

In order to gain efficiencies in project delivery and lessen construction related impacts on users, WSDOT plans to construct this project in coordination with another paving project on I-5. That is supported by pre-existing funds. However, due to a lack of funding for PCCP rehab in the 05-07 pavement preservation program, this will require delay of the Nickel funded project from 2006 to 2007 when limited PCCP rehab dollars will be available.

SR 99, Alaskan Way Viaduct

The Alaskan Way Viaduct and Seawall Replacement Project originally envisioned it would receive \$28 million in RTID funding in 05-07. With no expectation that RTID funding will be immediately forthcoming, additional Nickel revenue is needed to make up for the lost funding and keep the project on pace to start construction in 2008 in the event full funding is available in the 07-09 biennium. The project team is proposing to advance a total of \$28 million (\$18 million preliminary engineering and \$10 million for right of way) from the 11-13 biennium to add to the \$12 million currently planned for the 05-07 biennium. Without the advance, the \$28 million funding gap could delay the start of construction for up to approximately two years.

Statewide Guardrail Retrofit

WSDOT is requesting the advance of \$4 million into 05-07 from 11-13 to accelerate this Nickel project intended to achieve the replacement of essentially all non-standard guardrail by the end of the 05-07 biennium. Most of this guardrail was built prior to 1965 and consists of concrete or timber posts on 12' centers. By advancing the replacement of this guardrail with current standard installations, the severity of any crashes will be substantially reduced in the areas that contain these non-standard applications.

Other Capital Programs:

WSDOT is requesting several changes to Rail Passenger projects included in the 2003 Transportation Funding Package. These changes are in two groups. The first group of investments between Seattle and Portland enhances operation of existing passenger rail service and also provides necessary infrastructure for the future fifth round trip. The second group of changes involves projects between Seattle and Blaine that support operations of the existing Seattle-Vancouver, BC and Seattle-Bellingham service.

Seattle-Portland Project Changes

WSDOT will add a fourth round trip between Seattle and Portland during the last half of 2005. Each increase in the number of round trips requires improvements to add capacity to the mainline. This proposal presents the best sequencing of improvements to achieve current operational benefits and capacity to support additional future service. Some of these projects require additional funding. WSDOT's current long-range plan would add a fifth round trip between Seattle and Portland within ten years.

Vancouver Rail Project

This project will construct capacity improvements that include a by-pass of the freight yard and a 39th Street grade separation. WSDOT is suggesting that \$1 million be brought forward into the 05-07 biennium from the 07-09 biennium for purchase of right-of-way to secure property against possible development. This will be added to \$500,000 already available for property acquisition.

Kelso-Martin's Bluff Rail Project

This project will construct additional main line and storage tracks along an 18-mile corridor. WSDOT is suggesting that \$300,000 in project funds be brought forward into the 05-07 biennium from the 09-11 biennium to allow completion of NEPA and Endangered Species Act environmental processes. This will augment the \$200,000 in pre-existing funds in the 03-05 budget.

High-Speed Crossovers – Centennial

This project will construct a pair of high speed crossovers near Centennial Station in Lacey. WSDOT is suggesting an increase of \$1.8 million in the 05-07 biennium to match the current estimate of \$3.9 million for design and construction. The project will provide the greatest improvement in reliability of any of the crossover projects required for the fifth round trip between Seattle and Portland.

High-Speed Crossovers –Winlock

This new project would construct a pair of high speed crossovers in the vicinity of Winlock. The project is not in the 2003 Transportation Funding Package and WSDOT is suggesting it be added and funded at \$3.93 million for design and construction in the 2005-2007 biennium. This project had been included in the WSDOT budget request for the 2003 legislative session, but was not included in the 2003 Transportation Funding Package. The project will provide the second-greatest improvement to the reliability of the crossover projects required for the fifth Seattle-Portland round trip.

High-Speed Crossovers – Ketron

This project construct a pair of high speed crossovers near Ketron Island in Pierce County. WSDOT requests that \$3 million in funding for this lower priority project be delayed from the 2005-2007 biennium to the 2007-2009 biennium. Further, WSDOT requests that the project funds be increased to \$3.9 million. This project will provide the third-greatest improvement to reliability in the short term of the four crossover projects required for the fifth Seattle-Portland round trip. The 2003 Transportation Funding Package provided only \$2.9 million in project funds.

Project Delivery

Opportunities and Options for Legislative Consideration

High Speed Crossovers – Tenino

This project will construct a pair of high speed crossovers near Tenino. WSDOT requests that the \$2.9 million in funding for this lower priority project be delayed from the 05-07 biennium to the 07-09 biennium. Further, WSDOT requests an increase of \$0.98 million in the 07-09 biennium to match the current project estimate. The project will provide the fourth-greatest improvement to reliability of the crossover projects required for the fifth Seattle-Portland round trip.

Pt. Defiance (Lakewood) Bypass

This project will construct and upgrade part of the mainline tracks along a 20-mile corridor for passenger service. WSDOT requests that the funding for this project be reduced by \$7.7 million over the next three biennia in order to fund changes in sequencing of other projects. The remaining project funds, when matched with federal funds, will allow completion of the first stage of the project. The first phase will allow Amtrak *Cascades* trains to use the bypass route and reduce the travel time by six minutes. The second stage will reduce travel times further and support additional Seattle Portland round trips. This project is the only project of the six projects required for the sixth, seventh, and eighth Seattle-Portland round trips funded by the 2003 Funding Package.

Seattle-Blaine Project Changes

In 1999, WSDOT and BNSF agreed upon several improvements to accommodate a second Amtrak *Cascades* train north of Seattle and to allow this second train to begin operating before the projects had begun. Many of these projects have been completed or are underway. This group of changes combines two of these required projects into a single project that will fulfill the department's obligation for the continued operation of the second Amtrak *Cascades* train. The suggested changes do not increase the total funding provided in the 2003 Transportation Funding Package.

PA Jct. to Delta Jct. Speed Increase

The funding provided in the 2003 Transportation Funding Package is not adequate to construct the project as originally scoped. A lower cost project scope has been negotiated with BNSF, but this adjusted scope still would exceed the funding provided. WSDOT proposes to increase the project funds by \$5 million in the 05-07 biennium by taking advantage of BNSF's agreement to forgo state funding for the Ballard Double Track and Crossover project. The revised scope will reduce travel times through the area by an amount less than originally hoped but will still provide storage tracks to keep freight switching work off the main line.

Ballard Double Track & Crossover

As reported in the March 2004 Watch List, BNSF has notified WSDOT that it will build the planned improvements using funds received from Sound Transit under the recent agreement for Sounder service to reach Everett and will not be asking for state funds. Based on this information, and after negotiations with BNSF regarding the increase in the cost of the the PA Jct. to

Delta Jct. Speed Increase project, WSDOT is requesting that the \$5 million in project funds (\$3.75 million in the 2003-2005 budget and \$1.25 from 2005-2007 budget) be removed from this project and placed in the PA Jct. project.

Project Delivery

“Watch List” Projects: Cost and Schedule Concerns

WSDOT is watching some projects closely for warning that changes in cost, schedule or scope may be at risk due to developments and discoveries during the project delivery process. In some cases, these changes are outside the control of WSDOT. Currently, the information regarding the changes for these projects are in the early stages and making a conclusion based on this information may be premature.

There are three categories of Watch List items presented in the *Gray Notebook*: Items removed from the Watch List, Up-dated Watch List Projects and New Items Added. Since information provided regarding the possible changes on these projects are in the early stages, WSDOT evaluates a variety of information beyond the project information provided in the *Gray Notebook* before reaching a decision or recommendation on adjusting the cost, scope or schedule to address the need.

Items removed from the “Watch List” since March 31, 2004

SR 24/I-82 to Keys Road

See *Other Project Highlights and Milestones* on page 5.

SR 7/SR 507 to SR 512 – Safety

SR 9/SR 522 to 212th Street SE (Stages 1b & 2)

SR 167, 15th Street SW to 15th Street NW – HOV

For the new states of these three projects see *Proposed and Potential Adjustments to Project Delivery* on page 6.

Ballard Double Track & Crossover

See *Opportunities and Options for Legislative Consideration* on page 9.

Up-dated Projects from the “Watch List” Since March 31, 2004

Highway Construction Program:

I-5, Roanoke Vicinity Noise Wall

Updated from the December 2003 *Gray Notebook*. The project is being split into two stages. The first stage will be advertised in summer 2004 as planned in order to support a summer 2004 groundbreaking. The second stage is being redesigned in order to reduce the need to repave City of Seattle streets and reduce conflicts with existing city utilities. Stage two is expected to be advertised in early 2005. This will result in carry forward of the construction into the 2005 – 2007 biennium. As a result of this change, proposed revisions to the expenditure plan are currently being developed and will be reported in the September 2004 *Gray Notebook*.

SR 161, Jovita Blvd to South 360th Street

Updated from the December 2003 *Gray Notebook*. All environmental permit applications have been submitted to permitting agencies and comments are being addressed. Under the Talent Decision (see *Environmental Documentation, Review, Permitting and Compliance* on page 22 of this *Gray Notebook*), the U.S. Army Corps of Engineers is considering classifying ditches along

SR 161 so as to require the previously unexpected preparation of an individual Section 404 permit, adding several months to the permit process. In addition, the Washington Department of Fish and Wildlife (WDFW) has requested redesign of a culvert in a fashion that would require additional right of way and trigger additional mitigation for wetlands impacts. Information supporting WSDOT's intended approach has been submitted to WDFW. This issue, if it results in the indicated redesign, will also add delay and probably cost to the project.

SR 270, Pullman to Idaho State Line - Additional Lanes

Updated from the March 2004 *Gray Notebook*. Potential cost increases on the order of \$7.1 million have been identified from factors including unexpected rock and soil conditions, requirements for additional retaining walls and application of new county road standards to planned frontage roads. Design work on the project is now examining whether the project's goals can be met within the original cost envelope by alignment adjustments and reliance on an access plan that scales back the original plan for frontage roads. This work on the project to maintain its original cost expectation is being conducted with public review and input. Conclusions and recommendations will be reported as soon as possible. The advertisement date is expected to be delayed five to ten months.

SR 410, 214th Ave East to 234th - Widening

It is now clear that the cost of this project has increased significantly from the \$11.1 million estimate derived from the project conditions known in 1995. The cost today is estimated at approximately \$25 million or higher. The two chief drivers of the cost increase are new stormwater requirements (increased costs for design, rights of way and construction) and the general run-up in real estate values affecting all right of way acquisitions in the corridor (annexations and re-zonings by the City of Bonney Lake have caused real estate values on proposed right of way parcels to increase anywhere from a factor of ten to a factor of 24). WSDOT is currently seeking to determine a cost and delivery schedule for the entire widening project in accordance with the scope envisioned in the 2003 Transportation Funding Package and, alternatively, the cost and delivery schedules producing cost effective interim of piecemeal improvements that can be aligned with the funding levels. Further status will be provided in the next *Gray Notebook*.

SR 543/I-5 to Canadian Border - Additional Lanes for Freight

Update from the March 2004 *Gray Notebook*. The project remains on the Watch List due to issues arising from unique commercial property near the Canadian border that may increase cost and delay project advertisement. WSDOT's use of the new real estate services “turnkey” consultant process has made significant progress since the third quarter in resolving parcel acquisitions and business relocations. The unique commercial property has been purchased and business relocations are in progress. The project appears to be back on schedule for advertisement in April

Project Delivery

“Watch List” Projects: Cost and Schedule Concerns

2005. However, the right of way spending forecast still indicates that right of way costs will be higher than originally planned but less than recently feared. An advance test shaft contract was advertised in June 2004 to see if retaining wall shafts can be shortened and construction costs reduced. Construction, testing, and measurement of a series of test shafts under simulated loading conditions will follow the bid opening and award scheduled for early July 2005. If there are wall construction cost savings identified by the test shafts, these could be used to offset right of way cost increases.

Other Capital Programs:

Bellingham-GP Area Upgrades

Update from the March 2004 *Gray Notebook*. This project would upgrade the existing track through Bellingham's Georgia Pacific (GP) Plant to allow for slightly higher speeds for Amtrak *Cascades* intercity trains, resulting in a small travel time reduction. As a result of an unanticipated increase of freight business at the mostly closed GP plant, the project scope that was originally developed is now inadequate. WSDOT is now negotiating with BNSF on a modified scope that will achieve similar results.

Palouse River & Coulee City RR Acquisition

Update from the March 2004 *Gray Notebook*. This project would purchase the 302 mile Palouse River and Coulee City RR, preserving the state's largest short-line rail grain-hauling system. WSDOT, while continuing negotiations with the railroad, has also completed several successful public outreach meetings in eastern Washington.

New Items Added to the “Watch List” since March 31, 2004

Highway Construction Program:

I-5, S 48th to Pacific Avenue - Core HOV

In September 2003, WSDOT advanced \$15.6 million from the 07-09 biennium to the 03-05 biennium to allow construction to begin on this project during a more favorable time of the year, with the expectation that the construction could be completed one year earlier than anticipated. This would reduce traffic impacts during construction and complete the project in three rather than four years. Changes to wall designs, moving City of Tacoma utilities, new right-of-way/access issues in the vicinity of the Delin Bridge, and re-evaluation of work zone traffic control strategies may jeopardize the October 2004 contract advertisement date. Current project estimates indicate an additional \$1 million is needed to prepare contract documents for advertisement. An update of the project outlook will be provided in the September 2004 *Gray Notebook*.

U.S. 12/SR 124 to McNary Pool - Add Lanes

This project will construct two additional lanes on U.S. 12 south of Pasco from SR 124 to the McNary pool. The project is scheduled to be advertised for construction in October 2004. Three

irrigation structures need to be modified before construction of the new lanes can be started. Under the Talent Decision (see *Environmental Documentation, Review, Permitting and Compliance* on page 22 of this *Gray Notebook*), the U.S. Army Corps of Engineers is considering classifying ditches along U.S. 12 so as to require modification of irrigation structures that will require the previously unexpected preparation of one or more individual Section 404 permits. If so, the scheduled advertisement date in October 2004 will have to be delayed.

SR 106, Skobob Creek - Fish Passage

WSDOT is finalizing the contract documents for this fish passage/bridge construction project. Engineering work is focused on applying for permits, coordinating with the Skokomish Tribe and working with the Hood Canal Salmon Enhancement Group that prepared the design documents for this work. The project team has prepared a revised cost estimate that is slightly higher than the Nickel Funding for this project. A Cost Risk Assessment is underway on this project, to see if further innovations or efficiencies can be identified. Otherwise, additional funds will be needed to construct the project. Impacts to project cost and delivery will be outlined in the September 2004 *Gray Notebook*.

Highway Projects: Proposed Adjustments to Project Delivery

Quarter Ending June 30th, 2004

Dollars in Thousands

| SR | Project | 03-05 | | | 05-07 | | | 07-09 | | | 09-11 | | | 11-13 | | | Ten year Total | | |
|---|--|---------|----------|------------|---------|----------|------------|---------|----------|------------|---------|----------|------------|---------|----------|------------|----------------|-----------|------------|
| | | Budget | Adjusted | Net Change | Budget | Adjusted | Net Change | Budget | Adjusted | Net Change | Budget | Adjusted | Net Change | Budget | Adjusted | Net Change | Budget | Adjusted | Net Change |
| 005 | I-5, 2nd Street Bridge - Replace Bridge | 11,794 | 9,177 | (2,617) | 206 | 131 | (75) | - | - | 0 | - | - | 0 | - | - | 0 | 12,000 | 9,308 | (2,692) |
| 005 | I-5/I-205 , NE 134th Street Interchange | 741 | 2,450 | 1,709 | 514 | 500 | (14) | 1,232 | 1,200 | (32) | 6,014 | 4,352 | (1,662) | 31,500 | 31,500 | 0 | 40,001 | 40,001 | 0 |
| 007 | SR7/SR 507 to SR 512 - Safety | 9,300 | 1,002 | (8,298) | - | 8,298 | 8,298 | - | - | 0 | - | - | - | - | - | 0 | 9,300 | 9,300 | 0 |
| 009 | SR 9, 228th Street SE to 212th Street SE (524) | 532 | 532 | 0 | 7,132 | 7,298 | 166 | 2,166 | 2,000 | (166) | - | - | - | - | - | 0 | 9,830 | 9,830 | 0 |
| 009 | SR 9/SR 522 to 212th Street SE (Stages 1b & 2) | 9,672 | 6,551 | (3,121) | 7,668 | 13,119 | 5,451 | 2,330 | - | (2,330) | - | - | - | - | - | 0 | 19,670 | 19,670 | 0 |
| 016 | SR 16/ I-5 to Tacoma Narrows Bridge - HOV | 51,488 | 22,660 | (28,828) | 31,292 | 47,500 | 16,208 | - | 12,620 | 12,620 | - | - | - | - | - | 0 | 82,780 | 82,780 | 0 |
| 031 | SR 31, Metlaine Falls to International Border | 2,400 | 2,400 | 0 | 13,500 | 13,500 | 0 | - | - | 0 | - | - | - | - | - | 0 | 15,900 | 15,900 | 0 |
| 167 | SR 167, 15th Street SW to 15th Street NW - HOV | 1,787 | 387 | (1,400) | 31,040 | 21,540 | (9,500) | 7,533 | 18,433 | 10,900 | - | - | - | - | - | 0 | 40,360 | 40,360 | 0 |
| 270 | SR 270, Pullman to Idaho State Line | 10,001 | 7,601 | (2,400) | 18,472 | 17,872 | (600) | - | 3,000 | 3,000 | - | - | - | - | - | 0 | 28,473 | 28,473 | 0 |
| 395 | US 395, NSC - Francis Avenue to Farwell Road | 35,900 | 47,900 | 12,000 | 53,910 | 41,910 | (12,000) | 18,470 | 18,470 | 0 | - | - | - | - | - | 0 | 108,280 | 108,280 | 0 |
| 520 | SR 520, Environmental Impact Statement | 11,250 | 10,450 | (800) | - | 800 | 800 | - | - | 0 | - | - | - | - | - | 0 | 11,250 | 11,250 | 0 |
| 520 | SR 520, Project Design | - | 1,000 | 1,000 | 8,000 | 7,000 | (1,000) | 14,000 | 14,000 | 0 | 13,000 | 13,000 | 0 | - | - | 0 | 35,000 | 35,000 | 0 |
| Pre-Existing Projects funding Support for Nickel Projects | | | | | | | | | | | | | | | | | | | |
| 005 | I-5, Ground Mound to Maytown - Widening | 1,256 | 1,600 | 344 | 1,894 | 1,894 | 0 | 28,341 | 27,997 | (344) | 41,724 | 41,724 | 0 | - | - | 0 | 73,215 | 73,215 | 0 |
| 012 | US 12, Old Nanches Highway Interchange | - | - | 0 | - | 455 | 455 | 1,881 | 1,426 | (455) | 788 | 788 | 0 | 34,170 | 34,170 | 0 | 36,839 | 36,839 | 0 |
| 018 | SR 18, Maple Valley to Issaquah/Hobart Road | 105 | 2,262 | 2,157 | 1,424 | 1,424 | 0 | 2,157 | - | (2,157) | 524 | 524 | 0 | - | - | 0 | 4,210 | 4,210 | 0 |
| 160 | SR 160 / SR 16 to Longlake Road Vicinity | - | - | 0 | - | - | 0 | 1,446 | 1,973 | 527 | 1,910 | 1,910 | 0 | - | - | 0 | 3,356 | 3,883 | 527 |
| 167 | SR 167 / SR 509 to I-5, New Freeway | 7,337 | 7,845 | 508 | 21,658 | 20,732 | (926) | 15,844 | 15,322 | (522) | - | - | 0 | - | - | - | 44,839 | 43,899 | (940) |
| Total of projects above: | | 153,563 | 123,817 | (29,746) | 196,710 | 203,973 | 7,263 | 95,400 | 116,441 | 21,041 | 63,960 | 62,298 | (1,662) | 65,670 | 65,670 | 0 | 575,303 | 572,198 | |
| Approved Adjustments thru Quarter 4 | | 406,902 | 408,359 | 1,457 | 701,352 | 730,355 | 29,003 | 740,696 | 739,269 | (1,427) | 544,783 | 544,783 | 0 | 359,563 | 327,563 | (32,000) | 2,753,296 | 2,750,329 | |
| TOTAL FOR ALL PROJECTS | | 560,465 | 532,176 | (28,289) | 898,062 | 934,328 | 36,266 | 836,096 | 855,710 | 19,614 | 608,743 | 607,081 | (1,662) | 425,233 | 393,233 | (32,000) | 3,328,599 | 3,322,527 | (6,072) |

Ferries Project: Proposed Adjustments to Delivery Planning

Quarter Ending June 30th, 2004

Dollars in Thousands

| Project | 03-05 Adjusted | 05-07 Adjusted | 07-09 Adjusted | 09-11 Adjusted | 11-13 Adjusted | 10 Year Net Change |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------|
| System-wide Catch-up Preservation (Ferries). | 1,108 | 866 | (467) | 3,596 | (2,506) | 2,597 |
| Anacortes Multimodal Terminal. | (1,108) | (866) | 467 | (3,596) | 2,506 | (2,597) |
| Total: | 0 | 0 | 0 | 0 | 0 | 0 |

Rail Project: Proposed Adjustments to Delivery Planning

Quarter Ending June 30th, 2004
Dollars in Thousands

| Project | 03-05 Adjusted | 05-07 Adjusted | 07-09 Adjusted | 09-11 Adjusted | 11-13 Adjusted | 10 Year Adjusted | 10 Year Net Change |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|-----------------------|
| Gieger Spur Connection | 220 | (220) | - | - | - | - | - |
| Vancouver Rail Project including the 39th St. Bridge | - | 1,000 | (1,000) | - | - | - | 0 |
| Kelso-Martin Bluff 3rd Mainline | - | 300 | - | (300) | - | - | - |
| High Speed Crossovers - Centennial | - | 1,800 | - | - | - | - | 1,800 |
| High Speed Crossovers - Winlock | - | 3,925 | - | - | - | - | 3,925 |
| High Speed Crossovers - Ketrone | - | (2,900) | 3,900 | - | - | - | 1,000 |
| High Speed Crossovers - Tenino | - | (2,900) | 3,875 | - | - | - | 975 |
| Pt Defiance (Lakeview) Bypass | - | (1,225) | (1,975) | (4,101) | - | - | (7,301) |
| PA Jct. to Delta Jct. Speed Increases | - | 5,000 | - | - | - | - | 5,000 |
| Ballard Double Track & Crossover | (3,750) | (1,250) | - | - | - | - | (5,000) |
| Total Rail Projects: | (3,530) | 3,530 | 4,800 | (4,401) | 0 | 0 | 399 |

Highway Projects: Opportunities and Options for Legislative Consideration

Quarter Ending June 30th, 2004
Dollars in Thousands

| SR | Project | 03-05 | | 05-07 | | 07-09 | | 09-11 | | 11-13 | | Ten year Total | |
|-----|---|--------|----------|--------|----------|--------|----------|--------|----------|--------|----------|----------------|----------|
| | | Budget | Adjusted | Budget | Adjusted | Budget | Adjusted | Budget | Adjusted | Budget | Adjusted | Budget | Adjusted |
| | | Change | | Change | | Change | | Change | | Change | | Change | |
| 002 | US 2, Dryden - Signal | - | - | 0 | 260 | 260 | - | - | - | - | - | 0 | 260 |
| 005 | I-5, Bakerview Road to Nook-sack River Bridge | - | - | 0 | 487 | 87 | (400) | 219 | 619 | 400 | - | 0 | 706 |
| 099 | SR 99, Alaskan Way Viaduct - Des/Early R/W | 15,000 | 15,000 | 0 | 7,000 | 35,000 | 28,000 | 40,000 | 40,000 | 0 | 40,000 | 142,000 | 142,000 |
| | Statewide Guardrail Retrofit | 4,031 | 4,221 | 190 | 4,000 | 8,000 | 4,000 | 4,000 | 4,000 | 0 | 4,000 | 20,031 | 20,221 |
| | Total of projects above: | 19,031 | 19,221 | 190 | 11,487 | 43,347 | 31,860 | 44,479 | 44,619 | 140 | 44,000 | 162,997 | 163,187 |
| | | | | | | | | | | 0 | 44,000 | (32,000) | 190 |

Financial Information

2003 Transportation Funding Package Paying for the Projects

The first edition of the Beige Pages (June 2003) included an in-depth discussion of the legislature's 2003 Transportation Funding Package. The revenue forecast has now undergone several updates since the 2003 legislature enacted the funding package as well as a minor change from HB 2483, passed during the 2004 legislative session that affects the distribution of revenue from vehicle title fees. The following information incorporates the June 2004 forecast, including the impact from the redistribution of vehicle title fees (HB 2483). Further refinements to debt service estimates have also been made.

Revenue Forecasts

2003 Transportation Funding Package Highlights:

Deposited into the Transportation 2003 (Nickel) Account (established by the 2003 Legislature)

- 5¢ increase to the gas tax
- Increase in the gross weight fees on trucks increased by 15%

Deposited into the Multimodal Account (established in 2000)

- An additional 0.3% sales tax on new and used vehicles
- A \$20 license plate number retention fee.

Forecast Update

The accompanying charts show the current projected revenues over the remainder of the ten year project delivery period (through 2014) for the new funding sources as forecasted in June 2004 by the Transportation Revenue Forecast Council. This projection has been compared to the legislature's assumed 'baseline' projections used in the budget-making process back in March 2003. Cumulative ten-year totals and individual biennial amounts for both the legislature baseline and the current forecast are shown.

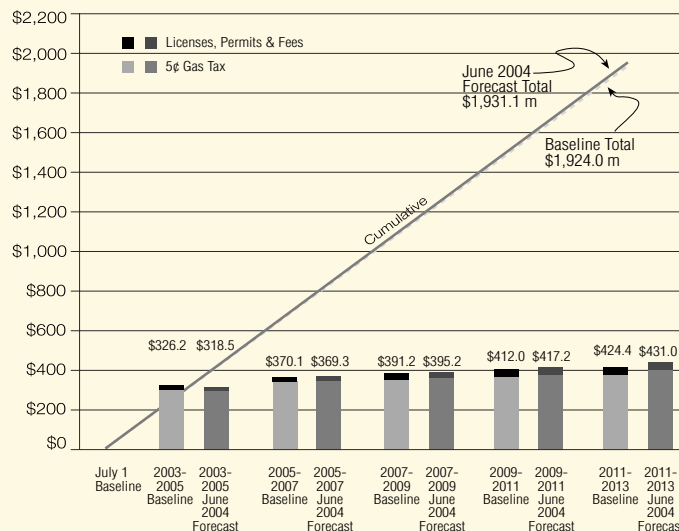
Forecasts comparisons include actual revenue collection data to date as well as updated projections based on new and revised economic variables. The June 2004 forecast includes, for the most part, a year's worth of actual revenue receipt information. Gas tax receipts include 12 months of actual collections and licenses, permits and fees include eleven months of receipts.

In the Transportation 2003 (Nickel) Account, for the ten-year period, gas tax receipts were down from the February 2004 forecast (-0.5%) but licenses, permits and fees were up (+7.19%) due primarily to the implementation of HB 2483, which redistributed certain fee revenues, increasing the distribution to the 2003 Transportation (Nickel) account.

In the Multimodal Account, licenses, permits and fees projected revenue for the ten-year period dropped from the February 2004 forecast (-13.43%), also due to implementation of HB 2483, which moved certain fee revenue out of the Multimodal account and into other transportation accounts.

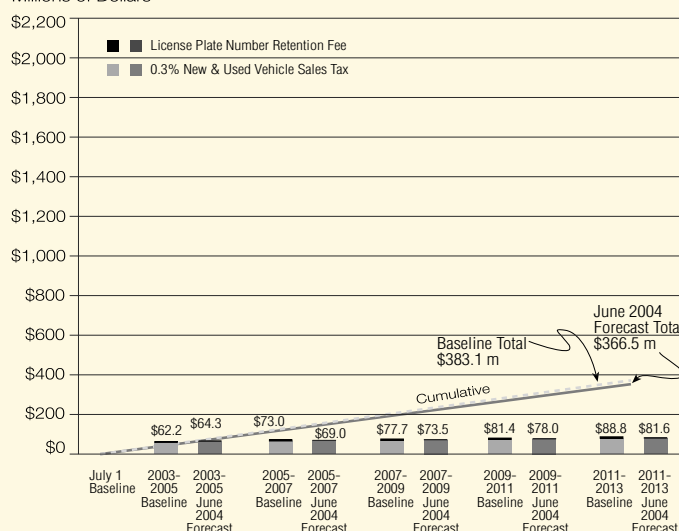
2003 Transportation (Nickel) Account Revenue Forecast

March 2003 Legislative Baseline Compared to June 2004 Transportation Revenue Forecast Council with 2004 Legislative Session Impacts
Millions of Dollars



New Sources - Multimodal Account Revenue Forecast

March 2003 Legislative Baseline Compared to June 2004 Transportation Revenue Forecast Council
Cumulative and Biennial Totals
Millions of Dollars



Financial Information

Bond Sales Plan for New Authorizations Provided by the 2003 Transportation Funding Package

The 2003 Transportation Funding Package contained two new bond authorizations:

- (1) gas tax Bonds for \$2.6 billion;
- (2) state General Obligation (GO) Bonds for \$349.5 million.

The proceeds from the new gas tax bonds will be used to fund highway projects. The debt service will be paid by the nickel increase in the gas tax. The proceeds from the new state GO bonds will be used to fund rail and ferry projects. Debt service for these bonds will be paid from the Multimodal Account. Receipts from the new 0.3% sales tax on new and used vehicles will be deposited to the Multimodal Account and will augment rental car tax receipts and other fees already directed to this account.

2003-2005 Biennium

For the 2003-2005 biennium, the legislature appropriated \$275 million in proceeds from the new gas tax bonds and \$47.7 million from the state GO bonds. The following table shows the bonds that have been sold so far this biennium.

In light of the proposed adjustment to the cash flow requirement needs of projects funded by the 2003 Transportation (Nickel) account, a revision to the remaining bond sales for the 2003-2005 biennium will likely be needed as well as modification to the 10-year plan. The financial plans displayed in the next section give an indication of what the bond sales are likely to be.

| Bond Sales Dollars in Millions | Authorization for 2003-05 | Bonds Sold August 2003 | Bonds Sold February 2004 | Bonds Sold July 2004 | Unsold Authority as of August 2004 |
|--|--------------------------------------|-----------------------------------|-------------------------------------|---------------------------------|---|
| 2003 Transportation Project Bonds (Nickel Account) RCW 47.10.861 | | | | | |
| Highway Improvements | \$275 | \$80 | \$25 | \$70 | \$100 |
| Multimodal Bonds (GO Bonds) RCW 47.10.867 | | | | | |
| Multimodal Transportation Projects | \$47.7 | \$0 | \$20 | \$0 | \$27.7 |

Financial Information

Financial Plans for Accounts Supporting the 2003 Funding Package

Transportation 2003 (Nickel) Account

A new account was established in the state treasury to be the repository of the nickel gas tax increase and the increases in various vehicle licenses, permits and fees. This account is called the Transportation 2003 (Nickel) Account. Bond proceeds from the \$2.6 billion authorization will also to be deposited to this account. Uses of the account include cash funding of highway and ferry projects identified by the legislature and payment of debt service and other associated costs for bonds sold to provide debt financing for highway projects. Since gas tax receipts are deposited to this new account, the uses of the account are restricted to highway purposes as required by the 18th Amendment to Washington's Constitution. The financial plan below brings together all of the projected Sources (tax revenue, bond proceeds, interest earnings) and Uses (2003-2005 expected cash flow needs, 10-year projected program expenditures, and debt service) for the new account.

Changes to projected Sources and Uses of funds have been updated to reflect the most current forecasts. As changes, either positive or negative, are incorporated into the financial plan the ending balances in the out-year biennia are affected. The current *pro forma*, which incorporates actual tax collections and current forecast projections, predicts a positive ending balance of approximately \$4.8 million by the end of the 2011-13 biennium.

The gas tax receipts forecast for the ten-year period is up from the February 2004 forecast (\$20.4 million) and licenses, permits and fees are up (\$39.2 million). Key economic variables, tax receipts, and interest rates, will continue to change over time. Future updates to forecasts as well as inclusion of additional expenditures and of actual receipts will further affect the final ending balance. Additionally, actual and revised assumptions pertaining to bond sales and debt service will continue to be incorporated and likewise will affect the outlook for the final ending balance.

Transportation 2003 (Nickel) Account *Pro Forma* 2003-2005 Budget and Ten-Year Financial Plan June 2004 Forecast

(Dollars in millions)

| | 03-05 | 05-07 | 07-09 | 09-11 | 11-13 | Ten-Year Total |
|--|----------------|------------------|------------------|----------------|----------------|------------------|
| Balance Forward from Previous Biennium | \$0.0 | \$8.5 | \$15.4 | \$15.5 | \$17.7 | |
| Minimum Balance | (\$5.0) | | | | | |
| Sources: | | | | | | |
| Gas Tax Revenues (new 5¢) | 296.4 | 344.7 | 363.4 | 378.2 | 390.9 | 1,773.6 |
| Licenses, Permits and Fees Revenues | 22.0 | 24.6 | 31.8 | 39.0 | 40.1 | 157.5 |
| Interest Earnings | 2.8 | 3.0 | 3.0 | 3.0 | 3.0 | 14.8 |
| Bond Proceeds | 255.0 | 704.0 | 774.0 | 530.0 | 337.0 | 2,600.0 |
| Federal Funds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Local Funds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Sources of Funds | \$576.2 | \$1,076.3 | \$1,172.2 | \$950.2 | \$771.0 | \$4,545.9 |
| Uses: | | | | | | |
| Cost of Bond Issuance | 0.7 | 1.8 | 1.9 | 1.3 | 0.8 | 6.6 |
| Bond Sale Underwriter Discount | 2.1 | 5.3 | 5.8 | 4.0 | 2.5 | 19.7 |
| Debt Service Withholding | 22.2 | 95.4 | 208.5 | 308.4 | 372.9 | 1,007.4 |
| Highway Improvements | 530.2 | 922.0 | 852.5 | 586.7 | 286.2 | 3,177.5 |
| Highway Preservation | 2.0 | 10.3 | 5.0 | 20.3 | 107.0 | 144.6 |
| Washington State Ferry Construction | 5.7 | 34.5 | 98.3 | 27.4 | 3.9 | 169.9 |
| Total Uses of Funds | \$562.9 | \$1,069.4 | \$1,172.1 | \$948.0 | \$773.4 | \$4,525.7 |
| Biennium Ending Balance | \$8.5 | \$15.4 | \$15.5 | \$17.7 | \$15.2 | \$15.2 |

Financial Information

Financial Plans for Accounts Supporting the 2003 Funding Package (cont.)

Multimodal Transportation Account

The Multimodal Transportation Account was established in 2000 as the repository for tax revenues and operating and capital expenditures related to transportation purposes but not restricted by the 18th Amendment. The 2003 Transportation Funding Package directs receipts to this account from the additional 0.3% sales tax on new and used vehicles and the license plate number retention fee. The most significant pre-existing tax deposited to this account is the rental car tax. The 2003 Funding Package also directs bond proceeds from the \$349.5 million State GO authorization to this account.

The Multimodal Account includes changes to projected sources of funds, based on eleven months of actual receipts and current forecast data. As stated earlier, projected revenues from licenses,

permits and fees for the ten-year period declined from the February 2004 forecast (-\$47.3 million) due to HB 2483 which changed the distribution of fee revenue. Monies previously deposited into this account are now distributed to other accounts. In addition, a modification was made to anticipated federal funds for rail. Due to the current uncertain state of Federal transportation funding, anticipated federal funds in the out-year biennia were lowered significantly, as were projected expenditures. The table below displays the 2003-2005 current appropriations and potential supplemental adjustments. The out-year biennia display WSDOT's preliminary submission to the state Transportation Commission in the 2005-2007 budget development process and ten-year plan.

Multimodal Account *Pro Forma* 2003-2005 Budget and Ten-Year Financial Plan June 2004 Forecast (Dollars in millions)

| | 03-05 | 05-07 | 07-09 | 09-11 | 11-13 | Ten-Year Total | |
|---|----------------|----------------|----------------|----------------|----------------|-------------------|---|
| Balance Forward from Previous Biennium | \$14.1 | \$8.0 | \$2.0 | \$15.1 | \$17.9 | | |
| Sources: | | | | | | | |
| Licenses, Permits Fees Distr | 21.2 | 16.1 | 16.7 | 17.2 | 17.7 | 88.9 | |
| Rental car tax | 42.7 | 48.3 | 53.5 | 58.8 | 64.1 | 267.3 | |
| Sales Tax on New & Used Car Sales | 63.8 | 68.3 | 72.8 | 77.3 | 80.9 | 363.1 | Funding source from the 2003 Legislative Package |
| Miscellaneous Income | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 5.0 | |
| Bond Proceeds | 47.8 | 48.2 | 134.2 | 84.5 | 38.7 | 353.3 | Bond Authorization from the 2003 Legislative Package |
| Federal Revenue | 15.4 | 8.1 | 5.5 | 5.6 | 5.7 | 40.3 | |
| Local Revenue | 10.2 | 0.3 | 0.2 | 0.2 | 0.2 | 10.9 | |
| Total Sources of Funds | \$202.1 | \$190.1 | \$283.8 | \$244.5 | \$208.2 | \$1,128.7 | |
| Operating Uses: | | | | | | | |
| Cost of Bond Issuance | 0.1 | 0.1 | 0.3 | 0.2 | 0.1 | 0.9 | |
| Bond Sale Underwriters Discount | 0.4 | 0.4 | 1.0 | 0.6 | 0.3 | 2.6 | |
| Debt service | 1.4 | 8.7 | 20.3 | 38.7 | 49.5 | 118.6 | |
| Transfers to Other Accounts & Agencies | 9.9 | 4.5 | 4.5 | 4.5 | 4.5 | 27.9 | |
| WSDOT Program Support & Planning | 5.9 | 5.5 | 4.8 | 4.9 | 5.0 | 26.0 | |
| Public Transportation | 49.8 | 51.6 | 56.0 | 60.3 | 63.7 | 281.4 | |
| WSF Maintenance and Operations | 16.4 | 4.2 | 4.4 | 4.6 | 4.8 | 34.5 | |
| Rail | 34.1 | 38.9 | 39.5 | 40.3 | 41.0 | 193.8 | |
| Total Operating Uses of Funds | \$118.0 | \$113.9 | \$130.8 | \$154.1 | \$168.9 | \$685.7 | |
| Capital Uses: | | | | | | | |
| Hwy Preservation POC | 1.7 | 16.8 | 2.5 | 0.0 | 0.0 | 21.0 | |
| WSF Construction WOC | 13.4 | 8.2 | 60.7 | 47.3 | 0.0 | 129.6 | Projects funded primarily from bonding authority provided in the 2003 Funding Package |
| Rail YOC | 55.2 | 39.1 | 76.6 | 40.4 | 42.3 | 243.9 | |
| Local Programs ZOC | 19.9 | 18.1 | 0.0 | 0.0 | 0.0 | 47.8 | |
| Total Capital Uses of Funds | \$90.2 | \$82.2 | \$139.9 | \$87.7 | \$42.3 | \$442.2 | |
| Biennium Ending Balance | \$8.0 | \$2.0 | \$15.1 | \$17.9 | \$14.9 | \$14.9 | |

Program Management Information

Management Information Systems and Needs

One year after passage of the 2003 Transportation Funding Package (Nickel), WSDOT program management and project delivery reporting continues to be hampered and limited by the lack of a integrated project and program delivery business support computer systems.

Program management and reporting efforts at WSDOT are based on the assembly of information from several existing information systems. Some of these systems are outmoded. Each of the systems was originally designed for very different purposes and challenges than it is now asked to support. The program and project management process is therefore inefficient. Timeliness and data accuracy and completeness are at risk, despite the efforts for WSDOT's managers to work around the system deficiencies. A manual on current usages and procedures for WSDOT's existing information systems technology in relation to the department's current expectations for project controls and reporting is nevertheless now being developed in order to proceed as effectively as possible notwithstanding those risks and system deficiencies.

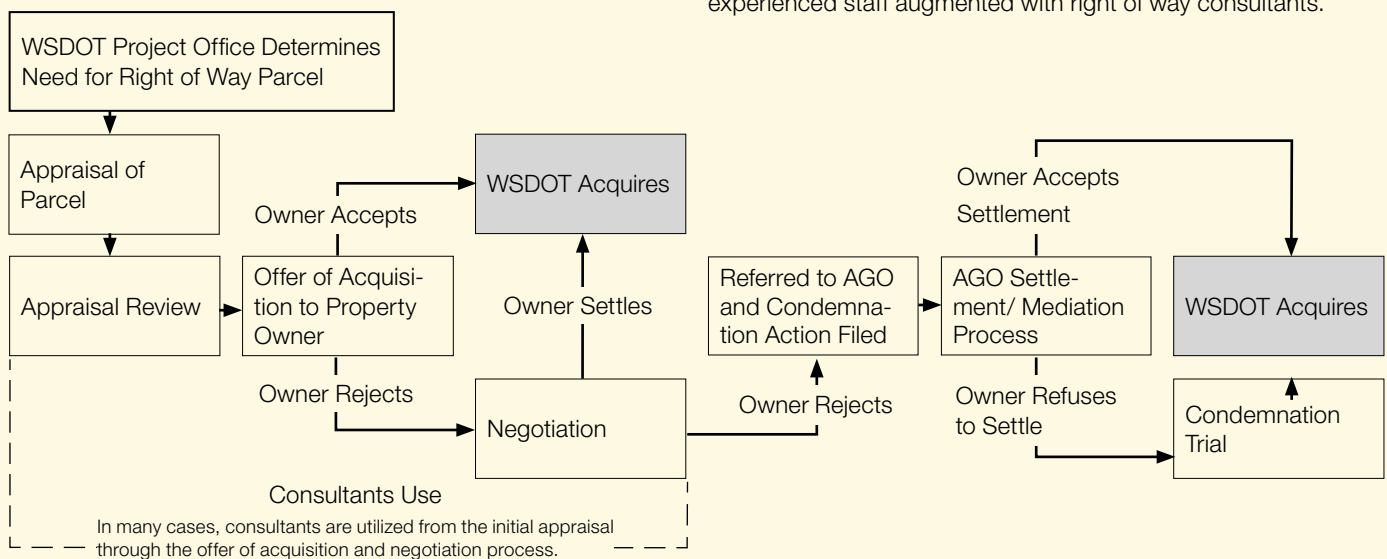
The long-term need for modern project and program management business systems for WSDOT's capital program planning and delivery remains acute. Investment in such a system was not, for a variety of reasons, approved by the legislature in 2004. A strategic plan request to renew the opportunity for legislative funding in the 2005-07 biennium is now being developed by WSDOT with the Washington Transportation Commission. The challenge remains to demonstrate to the Commission and the legislature the benefits of business system improvements and the risks and costs of continued reliance on outdated, inadequate unintegrated systems.

Program Management Information

Right of Way Acquisition

New projects or improvements to an existing roadway often require additional property acquisition. WSDOT works with property owners to develop solutions that will accommodate project delivery while dealing reasonably, fairly and efficiently with property owners.

Right of Way Acquisition Process



WSDOT currently has a large volume of right of way acquisitions requiring appraisals on Nickel projects and those planned under RTID funding. Once the right of way needs are determined for these projects, WSDOT has the property appraised, determines just compensation, makes an offer to purchase, and relocates any owners or tenants if necessary (see chart below for acquisition process). To accomplish these tasks, WSDOT relies on an experienced staff augmented with right of way consultants.

Appraisal - This is a process used to determine the value of property selected for purchase. Approximately 60% of the appraisal work has historically been performed by consultants on WSDOT's list of approved private appraisers. An appraisal waiver is used instead of an appraisal on properties with uncomplicated acquisitions under \$10,000.

Appraisal Review - Federal process requires that all appraisals be reviewed to assure they meet standards and that all impacts of the project on the value of the property are addressed. The WSDOT reviewer then sets the just compensation that will be offered to the property owner.

Acquisition - Once just compensation is determined, a WSDOT acquisition agent will make the offer to purchase. For the Nickel Fund projects, in this and the next biennia WSDOT will use consultants in the acquisition of property for the first time.

Relocation - WSDOT has always performed the relocation of the occupants on its projects and for a significant number of local and state agency projects. The relocation program is closely monitored by FHWA to assure compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. Many agencies prefer to use WSDOT's expertise to avoid losing federal funding for their projects. WSDOT is more experienced than most agencies in all types of relocation problems due to the number of relocations required for highway projects.

FHWA and WSDOT Pilot Project for Appraisal Wavers

The Federal Highway Administration has approved a pilot project for appraisal wavers for acquisitions of \$25,000 or less, for WSDOT's Northwest Region and Urban Corridors Office. WSDOT anticipates this will reduce the number of appraisals from approximately 35% of WSDOT parcels to 30%.

Utilizing Consultants - Augmenting the Acquisition Process Appraisal Review

WSDOT is using the **SR 20, Fredonia to I-5 Additional Lanes** project as a pilot to test the effectiveness of using a consultant as an appraisal reviewer. This will add a step in the acquisition process since the state agency must set just compensation and cannot delegate this step to a consultant. The results of this pilot should be available next quarter.

Appraisal- The consultant firms of HDR and Universal Field Services are under contract to appraise and acquire 55 parcels on the **SR 509- I-5 - Freight and Congestion Relief Project** but the 132 relocations, are being handled by WSDOT staff. Universal Field Services has been hired to acquire 38 parcels on the **SR 9 - SR 522 to 176th St. SE - Stage 1B, 2 and 3**. The consultant is expected to complete the acquisitions and relocations by March 31, 2005.

Acquisition- A Request for Proposals was issued last year for full service consultants, experienced in large projects, resulting in 10 firms on contract. Pharos Corporation will acquire 34 parcels on the **SR 543, I-5 to International Border - Additional Lanes for Freight**. The consultant is expected to complete its project prior to February 15, 2005.

Program Management Information

Right of Way Costs: What Are the Challenges That Are Driving Up Costs?

Acquisition Increasingly Taken to Judicial Condemnation Proceedings

Rising real estate acquisition costs are a current challenge for WSDOT project delivery. If an agreement on acquisition price cannot be reached with a land owner, WSDOT's next step is to acquire the property through a condemnation action in court where a jury determines the just compensation for the property. Historically, about five percent of all WSDOT property acquisitions are referred to the Attorney General's Office (AGO) to begin the condemnation process. But last biennium, the number of parcels that were referred to the AGO rose to seven percent. The AGO will also negotiate with the property owner's attorney or enter into mediation in hopes of achieving an out-of-court settlement, reducing WSDOT's risk at jury trials. The AGO will settle most cases through this process, and less than one percent of cases referred to the AGO actually go to a condemnation trial.

Rezoning Effects on WSDOT Projects

Another issue is the increase of property values due to rezoning property within the corridor of proposed projects to higher uses and densities than were allowed when the cost of the right of way was originally estimated. Changes in zoning from agricultural to industrial or commercial can sometimes result in land value increases by many-fold.

Rising right of way costs are, in some cases, causing WSDOT to redesign a project, often using more expensive construction techniques, to reduce the amount of right of way that is needed or reassess the cost-benefit of the project. In some cases, it may mean that adequate right of way cannot be procured with the funds appropriated, and the project construction will be delayed.

Outdated Design

When a project is designed, and then "sits on the shelf" for years while funding or other issues are resolved, the estimates used to determine the project's right of way costs become stale. As a project begins to move forward again, the time that has elapsed can result in the original estimate to fall short. That may cause a problem for delivering the project within the historic cost estimate (sometimes, of course, these risks have been identified and addressed with updated estimates, but not in every instance). The same issue with respect to stale designs is also sometimes presented by dramatically changed traffic conditions, by changed design standards, or by new environmental requirements affecting, for example, stormwater, wetlands or hazardous materials handling.

Judicial Condemnation Proceedings - Project Example

One project that has a significant run up in acquisition costs as compared to estimates is the U.S. 395, North Spokane Corridor - 90 percent of the parcels were taken to condemnation. In Spokane, many of the parcel owners may have received advice from a lawyer that he could secure higher awards by negotiating after a formal condemnation case had been opened by the AGO, rather than seeking an early settlement directly with WSDOT. Conveniently, that course also appears to increase the likelihood that the settlement will also include an amount for payment of fees for the lawyer by the state. It has also been suggested, however, that in some cases WSDOT's early-stage appraisals have been very conservative and provided little basis for mutually satisfactory negotiated outcomes – in effect reinforcing the momentum for bringing the matter to the point where formal condemnation proceedings are begun and introducing the AGO into the process.

Rezoning – Project Examples

The right of way costs for the SR 270 Pullman to Idaho State Line project have more than doubled since the original WSDOT estimates. The property was rezoned from agriculture to commercial.

Another significant rezoning example has occurred on the SR 410 project in Bonney Lake where property needing to be acquired was rezoned from residential to commercial and light industrial uses.

WSDOT is currently working with the Senate Highways and Transportation Committee staff and the associations of cities and counties to examine project case studies where rezoning was a potential factor for right of way cost increases. This study may result in possible policy recommendations.

Outdated Design- Project Example

SR 161, 176th to 204th and 204th to 234th: Right of Way acquisitions for these projects began in the mid 1990's. Funding was removed, however, shortly after WSDOT began the acquisition process. When funding was restored a few years later, land value had moved significantly higher. The original estimate for the commercial properties was in the \$5-\$10/square foot range. When funding was reestablished, the costs were \$15-\$20/square foot range.

Program Management Information

Environmental Documentation, Permitting and Compliance

Several areas of special concern are emerging as WSDOT project delivery experience for the Nickel projects has continued to be built in the fourth quarter of the biennium.

Compliance with the Endangered Species Act (ESA)

Twenty-six Nickel highway projects remain to be advertised for construction this biennium according to WSDOT's delivery plan. These projects have the following status with respect to the Endangered Species Act:

| Compliance Status for 26 Projects | Number of Projects |
|--|--------------------|
| Biological Assessment underway | 5 |
| Project design too early for Biological Assessment | 2 |
| Local project – ESA processing to be by local government | 2 |
| No federal funding: No ESA Consultation | 1 |
| Endangered Species Act review complete | 16 |

As part of the Endangered Species Act, FHWA and the US Fish and Wildlife Services (USFWS) and National Oceanic and Atmospheric Administration (NOAA) enter into what is known as ESA consultation when a federally funded project may have some effect on a federally listed species. The consultation process starts with the preparation of a Biological Assessment (usually by WSDOT on behalf of FHWA), and ends with a written response from the USFWS and NOAA. There are two types of consultations:

Informal Consultation-If a project is found "not likely to adversely affect" ESA listed species, ESA consultation takes the so-called "informal" route with USFWS and NOAA. The consultation is successfully concluded when USFWS and NOAA independently send the letter of concurrence for the project as "not likely to adversely affect" endangered species.

Formal Consultation-If a project is likely to adversely affect ESA listed species, ESA consultation takes the so-called "formal" route with USFWS and NOAA. The "formal" consultation process begins with a request for formal consultation that is submitted with a Biological Assessment and ends with the judgement reached by USFWS and NOAA issuance of a Biological Opinion. The Biological Opinion establishes whether or not a project impact is likely to jeopardize the continued existence of listed species and may, in its terms, provide conditions that must be met by the project.

At present, none of the above remaining consultations for highway projects are seeking formal consultation. Three projects with assessments underway are informal and one will have no effect. Of the two projects that are too early to determine, one is a multiple phase project of which a phase has a Biological Assessment underway.

Complete Projects:

SR 161 - Jovita Blvd. to S. 360th St.- Widen to 5 Lanes
SR 31 - Metaline Falls to the International Border
I-5 - NE 175th St. to NE 205th St. - NB Auxiliary Lane
U.S. 12 - SR 124 to McNary Pool - Add Lanes
U.S. 97A - Entiat Park Entrance - Turn Lanes
SR 240/I-182 to Richland Y to Columbia (Tri-Cities)
SR 240/I-182 to Richland Y -Additional Lines (Tri-Cities)
I-90 - Geiger Road to US 2 Median Barrier
I-90 - Sullivan Rd to State Line - Median Barrier
I-90 - Two-Way Transit and HOV
SR 9/SR 522 to 212th St SE
SR 9/ 228th St SE to 212 ST SE
SR 270 - Pullman to Idaho State Line - Additional Lanes
SR 522/Bothell-UW Campus Access
SR 24 - I-82 to Keys Road Additional Lanes
I-5 - Pierce County Line to Tukwila HOV

FHWA and WSDOT are submitting similar documents for ESA compliance for WSDOT rail and ferry projects.

Endangered Species and Underwater Noise

WSDOT is concerned about the effects of pile driving on listed threatened and endangered species during the upgrade of ferry terminals. WSDOT and USFWS and NOAA are organizing a workshop to discuss WSDOT's strategic plan for upgrading ferry terminals and address the effects of pile driving for future Nickel and pre-existing projects. The result of this effort will help reduce project delay for ferries and other underwater projects.

Citizen Challenges to Permits

The March 2004 *Gray Notebook* reported the pending advertisement of the **SR 16, HOV Improvements - Union Avenue to Jackson** project with an anticipated bid opening date of May 2004. The bid opening is currently delayed as both the City of Tacoma's Critical Area Permit and the Department of Ecology's Permit review decisions are currently being challenged by local citizens. For details on the SR16 permit dispute, see page 6 of this *Gray Notebook*.

Program Management Information

Environmental Documentation, Permitting and Compliance Continued

Aging Environmental Assessments, Permit Provisions and Mitigation Designs

Many projects have acquired on-again, off-again construction expectations because of the uncertainty of the state's transportation funding picture. Designs funded by past legislature appropriations have been placed "on-the-shelf" while awaiting construction funding. Such projects may face delivery obstacles as the original environmental assessments and permitting documents have aged and must be reassessed.

A Nickel project facing this problem is **SR 167, 15th Street SW to 15th Street NW HOV**. State Environmental Policy Act documentation (SEPA) for this project was completed in 1992 and must now be redone. To achieve current environmental standards and requirements means redesigning more extensive storm-water control; wetlands protection/mitigation strategies; and floodplain investigating and permitting than were included in the original plans. WSDOT is currently addressing these issues and the project is scheduled for advertisement in October 2005, 17 months after the originally expected date.

New Project Requirements from New Regulatory Initiatives

New Clean Water Act Section 404 Requirements for Man-made Roadside Ditches (*Talent* Decision)

In early 2004, the Seattle District of the US Army Corps of Engineers began to extend its wetlands and watercourse protection responsibilities under Section 404 to "man-made" water bodies such as roadside ditches newly considered to be "waters of the United States" by virtue of their tributary interactions with natural streams. This has come about as a result of a ruling by the Ninth Circuit U.S. Court of Appeals in a case where waters laden with herbicide used for weed control in the canals of the *Talent* Irrigation District in Oregon led in 1995 to a major downstream

fish kill. The *Talent* Decision and the "*Talent* Issue" are shorthand for the major extension of regulatory responsibilities exercised by Corps of Engineers as a result of the court's ruling.

The Corps of Engineers is now requiring WSDOT to provide information about ditches associated with transportation projects to look for surface water connections that would trigger, under the *Talent* decision, federal regulatory jurisdiction and the necessity for obtaining a Section 404 permit. The Nickel projects already caught up in Corps of Engineers previously unexpected attention include the following:

- SR 9, SR 522 to 228th St SE – Widening
- SR 9, 228th St SE to 212th St SE
- U.S. 12, SR 124 to McNary Pool
- SR 20, Monkey Hill Rd. to Troxell Vicinity (PEF)
- SR 161, Jovita Blvd. To 360th St./Milton Rd.
- SR 270, Pullman to Idaho State Line

While none of these projects has yet suffered project schedule slippage from *Talent*, there is clear potential for serious construction delays. For each project, after additional information is prepared by WSDOT, the Corps must determine with the Corps' Office of Counsel the jurisdictional status of particular ditches. If so, some projects now will face time-consuming (eight to twelve month schedule impact) preparation of Section 404 Individual Permits.

WSDOT and Corps of Engineers employees are now holding monthly meetings to review project information and jurisdictional decisions to try to manage the implications of the *Talent* decision with minimal disruption to schedule and cost. WSDOT has also developed and its engineers have begun to use a standardized "*Talent* Package" to support efficient gathering of the new project information required by the Corps. It is too early in the process of *Talent* implementation to judge the ultimate effects of this new regulatory area on specific projects or the overall program.

New Standards for Determining Allowable Flow or Release Rates for Stormwater Runoff

When natural surfaces are paved and rainfall then flows across the land and into streams without the natural tempering of vegetation and soils, to what standard of flow release should stormwater management and control systems (for example, retention ponds) be designed to meet?

In the mid 1990's Department of Ecology requirements and WSDOT design practices stipulated that the design of stormwater control systems for highways in Western Washington should protect stream channels by allowing the flow to be no greater than peak flows under the local conditions of land and vegetation present in the area prior to settlement by Europeans. This would be achieved typically by building detention ponds from which the release of water would not over-match to "pre-development" condition.



A recent court decision has raised the possibility that roadside ditches, perhaps like this, are within the jurisdiction of the Army Corps of Engineers under the federal Clean Water Act.

Program Management Information

Environmental Documentation, Permitting and Compliance

The Department of Ecology's approach changed somewhat in 2001 and WSDOT is working to respond to the new approach in its design practices. Stormwater control requirements have become potentially more stringent and the requisite facilities will generally be more extensive and expensive. In effect, stormwater runoff under the new regulatory regimen will be further controlled to further diminish its capacity for harming land, streams and habitat. First, the *duration* of peak flow, not just the instantaneous *volume* of peak flow must now match the "pre-development" condition. Second, the "pre-development" condition will be assumed to involve forest cover for the land, a factor that substantially reduces the permitted level of run-off intensity, thus necessitating larger and more extensive control systems.

WSDOT's response in the update to its Highway Runoff Manual has been to question the usefulness of rigid across-the-board "before the Europeans came" standard for determining the appropriate design benchmark for detention ponds and related facilities in many areas of Western Washington 21st century landscapes. It would be better, in WSDOT's view, to tailor the investment solutions to stormwater control levels that will demonstrably enhance water quantity.

The practical impact of these issues lies in whether a specific project requires a Clean Water Act Section 401 Water Quality Certification issued by the Department of Ecology and, if so, what will be the complexity and cost of designing, acquiring right of way for, and constructing runoff capture and detention and other stormwater control systems. The contending nuances of the regulatory approaches now under discussion between the Department of Ecology and WSDOT are very complicated and recently have been made even more so by potential intersections between the applicability of the Section 401 Water Quality Certificate and the extended reach of the Army Corps of Engineers' Section 404 program under the *Talent* decision (see above). The risks to WSDOT are that more projects will require Section 401 Water Quality Certificates. The standards by which the terms of those certificates will be settled and will be more complicated. The standards would involve difficult case-by-case determinations such as the applicability of the "forested pre-development" benchmark, and the facilities required to be designed, sited and constructed will become larger and more expensive.

Compliance with Requirements of Environmental Permits and Laws

Despite its concerted effort in recent years to build internal safeguards against such mistakes, in April 2004 fill was illegally placed on a wetland area in the course of construction of WSDOT's **SR 18 Maple Valley to Hobart Road** project. WSDOT immediately reported the situation to the Department of Ecology and the Army Corps of Engineers and conducted an internal investigation. Recommendations from the investigation are now being implemented at WSDOT's Headquarters office and in the Northwest Region. The investigation and the steps now being taken

to improve the compliance effort can be viewed at the project web page: www.wsdot.wa.gov/projects/SR18auburntoI90/MValley_IHobart/

MAP Team Develops Performance Measures

The Multi Agency Permitting Team (MAP Team) is an administratively chartered working group made up of environmental and permitting specialists from WSDOT, the state departments of Ecology, Fish and Wildlife, the Army Corps of Engineers, and King County Department of Development and Environmental Services. The MAP Team has now taken up responsibility for managing key permits for a selected set of projects. Performance measures are crucial for managing the MAP Team enterprise. To date, the team is working to refine and use performance measures in the following areas:

Timelines of Permit Decisions

To date, five projects handled by the MAP Team can be assessed against this objective. Two of the five projects successfully attained the objective. Three did not; however, for these projects where the time period before contract advertisement was less than 60-90 days when the team started, permit work was completed in sufficient time to allow all the scheduled advertisement dates to be achieved.

Comparison with Traditional Permitting Strategies

The MAP Team, if successful, should achieve permitting times faster than traditional approaches. The performance objective now under discussion is that critical path permits should be acquired more quickly than the results shown in the Historical Critical Path Permit Time Line maintained by WSDOT Northwest region.

Information available to date involves too few projects to point to a clear trend. However, it appears that four MAP Team projects were permitted faster than their Historical Critical Path Permit timeline by four to eight weeks.

Meeting Customer Expectations

The MAP Team intends to develop measures of performance based on formal and customer survey techniques. Informal feedback registered to date suggests that the MAP Team has improved interagency communication and coordination, which has led, in turn, to early conflict identification and prompt conflict resolution.

Program Management Information

Construction Safety Information

This section of the Beige Pages tracks the job site safety record on the 2003 Transportation Funding Package projects. All recordable injuries are recorded for both WSDOT personnel as well as the contractors engaged by WSDOT to perform the construction work. This information is combined into a single number indicating the total number of recordable injuries per project per quarter. A recordable injury is any work related death and work related illness and injury that result in death, loss of consciousness, days away from work, days of restricted work or medical treatment beyond first aid.



John Carroll, a carpenter with Selby Bridge Co. is secured by fall protection equipment while above ground.

Number of Recordable Injuries

| Project | Jan-March 2004 | April- June 2004 |
|--|---------------------|---------------------|
| Project Team:Contractor and WSDOT Project Engineer | | |
| I-5 / Salmon Creek to I-205 Hamilton Construction and Donald Owings, P.E. | 0 | 0 |
| SR 500/NE 112TH St Gher Rd Interchange Tapani UnderGround and Chuck Ruhsenberger, P.E. | 1 | 0 |
| I-90 / Argonne Rd to Sullivan Rd Scarsella Bros Inc. and Darrel McCallum, P.E. | 0 | 2 |
| I- 90 / Highline Canal to Elk Heights Scarsella Bros. Inc. and Paul Gonseth, P.E. | 0 | 1 |
| I-90 / Ryegrass Summit to Vantage Superior Paving Co. and Will Smith, P.E | 0 | 0 |
| I-182 / U.S. 395 I/C - Roadside Safety | Completed | Completed |
| SR 124/ EAST JCT SR 12-Reconstruction/Curve | Data Not Available | Completed |
| SR 9 / SR 528 Intersection- Signal Signal Electric Inc. and Marlin Lennssen, P.E. | Data Not Available | 0 |
| U.S. 97A, Wenatchee North-Paving Basin Paving Co. and Terry Mattson, P.E. | Prior to Start Date | 0 |
| SR 395/Kennewick Variable Message Sign Colvico Inc. and Moe Davarri, P.E. | Prior to Start Date | Prior to Start Date |
| SR 527, 132ND St. SE to 112TH St. SE KLB Construction Inc. and Marlin Lennsen, P.E. | Prior to Start Date | 0 |
| U.S. 395, NSC - Farewell Road Lowering Max J. Kuney Co. and Robert Hilmes, P.E. | Prior to Start Date | 0 |
| SR 161/234TH St "E" TO 204TH St "E" Scarsella Bros. Inc. and Howard Diep, P.E. | Prior to Start Date | 0 |
| SR 16 / 6TH Ave to Jackson Ave - HOV Tri-State Construction, Inc. and Dave Zeigler, P.E. | Prior to Start Date | 0 |
| SR 203, NE 124TH / Novelty Rd. VIC Roundabout Wilder Construction Co. and Jay La Vassar, P.E. | Prior to Start Date | 0 |
| I-90/Cle Elum River Br 90/134N Diamaco Inc and Paul Gonseth, P.E. | Prior to Start Date | Prior to Start Date |

This data does not include a recent fatality on one of WSDOT's projects. A worker was killed when the equipment he was operating rolled off a steep access road and crushed him. This accident happened on May 14, 2004 on the SR 28, Rock Island Slopes Stage 2 Soil Nail Wall project. This project is not funded from the 2003 Transportation Funding Package therefore it is not included in the data.

Program Management Information

Construction Employment Information

How many construction workers are at work on the 2003 Transportation Funding Package projects?

We have asked contractors on the 2003 Transportation Funding Package projects in construction to provide WSDOT with a “snapshot” estimate of the “average” direct job site employment on each job over the course of the quarter. The following table captures the prime contractors’ responses for their own work and their on-site subcontractors on the projects that have already gone into construction. Of course, direct employment is only the first of the economic benefits of the construction activity. Labor economists have extensively examined the direct and indirect benefits of construction employment. A useful guide is the Associated General Contractors of Washington’s Economic Impact of the Construction Industry on the State of Washington, 2002 Update (prepared by the University of Washington).



Robert Ritter, a foreman with Tapani Underground Inc. is working on the SR 500 Nickel project.

Average Number of Employees for Prime and Subcontractors

| Project/Contractor | Oct.-Dec. 2003 | Jan.-March 2004 | April- June 2004 |
|--|---------------------|---------------------|---------------------|
| I-5 / Salmon Creek to I-205 Hamilton Construction and its 33 Subcontractors | 24 | 39 | 59 |
| SR 500/NE 112TH St Gher Rd Interchange Tapani UnderGround and its 27 Subcontractors | 21 | 38 | 29 |
| I-90 / Argonne Rd to Sullivan Rd Scarsella Bros Inc. and its 19 Subcontractors | 19 | 38 | 29 |
| I- 90 / Highline Canal to Elk Heights Scarsella Bros. Inc. and its 17 Subcontractors | 17 | 3 | 18 |
| I-90 / Ryegrass Summit to Vantage Superior Paving Co. and its 10 Subcontractors | 14 | 13 | 41 |
| I-182 / U.S. 395 I/C - Roadside Safety | 6 | Complete | Completed |
| SR 124/ East Jct. U.S. 12-Reconstruction/Curve | Prior to Start Date | 3 | Completed |
| SR 9 / SR 528 Intersection- Signal Signal Electric Inc. and its 8 Subcontractors | | Data Not Available | 11 |
| U.S. 97A, Wenatchee North-Paving Basin Paving Co. and its 9 Subcontractors | | 3 | 10 |
| SR 395/Kennewick Variable Message Sign Colivico Inc. | | Prior to Start Date | Prior to Start Date |
| SR 527, 132ND St. SE to 112TH St. SE KLB Construction Inc. and its 16 Subcontractors | | Prior to Start Date | 11 |
| U.S. 395, NSC - Farewell Road Lowering Max J. Kuney Co. and its 14 Subcontractor | | Prior to Start Date | 17 |
| SR 161/234TH St “E” TO 204TH St “E” Scarsella Bros. Inc. and its 16 Subcontractors | | Prior to Start Date | 10 |
| SR 16 / 6TH Ave to Jackson Ave - HOV Tri-State Construction, Inc. and its 12 Subcontractors | | Prior to Start Date | 23 |
| SR 203, NE 124TH / Novelty Rd. VIC Roundabout Wilder Construction Co. and its 13 Subcontractors | | Prior to Start Date | 11 |
| I-90/Cle Elum River Br 90/134N Diamaco Inc. | | Prior to Start Date | Prior to Start Date |

Program Management Information

Consultant Utilization

There are many different disciplines involved with bringing a project to construction. WSDOT, in general, contracts with consultants in two ways: with a Prime Consultant that has assembled and proposed a full team of sub-consultants to perform one complete pre-construction phase and with firms for specific portions of the work within a phase where the consultant is part of a larger group effort made up of WSDOT personnel and consultants.

Most of WSDOT's contracts with consultants are for work required prior to a project being advertised for construction. The phases of work that can occur prior to a project being advertised for construction can include:

- Studies
- Environmental Documentation
- Pre-design / Project Definition
- Potential Preparation for Design/Build Contract Methodology
- Design / Preparation of Plans, Specifications and Estimates on Design / Bid / Build

For obvious reasons, these various disciplines are not needed throughout the life of the phases. WSDOT contracts with consultant firms as the need occurs within the schedule of each project. This section provides information on new authorizations as they occur each quarter of the biennium.

During the fourth quarter of the biennium (April 1, 2004 through June 30, 2004), WSDOT moved forward with consultant selection on the following major projects:

- I-5; Boeing Access Road to Northgate EIS
- SR 518; Environmental Assessments
- Tasks for Anacortes Multi-modal Terminal

In addition to major project selections, additional authorizations were added through the On-Call Task-Order process (a methodology that employs consultants from an existing pool through Task Specific contracts).

The net total of new authorizations for planning and design services by consultants during the quarter for work not previously authorized was \$3,789,615. The total consultant agreement work authorized to date for the 2003 Funding Package is now \$77.5 million, a correction from previous report of \$78 million.